

25X1

Approved For Release 2005/08/22 : CIA-RDP85T00875R001100100112-1

Approved For Release 2005/08/22 : CIA-RDP85T00875R001100100112-1



Handwritten signature

25X1



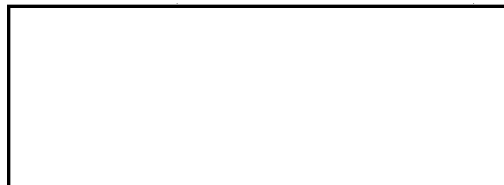
DIRECTORATE OF
INTELLIGENCE

Handwritten "DPS" or similar markings

Intelligence Memorandum

The Panamanian "Revolution"—The Third Anniversary

K1



Secret

87
7 October 1971
No. 2071/71

WARNING

This document contains information affecting the national defense of the United States, within the meaning of Title 18, sections 793 and 794, of the US Code, as amended. Its transmission or revelation of its contents to or receipt by an unauthorized person is prohibited by law.

GROUP 1 EXCLUDED FROM AUTOMATIC DOWNGRADING AND DECLASSIFICATION

SECRET

25X1

CENTRAL INTELLIGENCE AGENCY
Directorate of Intelligence
7 October 1971

INTELLIGENCE MEMORANDUM

The Panamanian "Revolution"--The Third Anniversary

Introduction

On Monday 11 October a huge crowd will gather in the Fifth of May Plaza only a short distance from the Canal Zone to pledge its loyalty to General Torrijos on the third anniversary of his accession to power. The outpouring of affection will be genuine because, on balance, Torrijos is a popular figure. The gathering itself, however, is the result of months of careful government planning. The single objective: to demonstrate to critics at home and to the world at large that dictatorship though it may be, the Provisional Junta Government enjoys wide public support.

Accomplishments on the domestic front over the past year have been unimpressive, even disappointing, and government speakers may hold forth the promise of administrative reorganization in order to increase government responsiveness to local problems. There also may be some hint of elections, perhaps at the local level. Dramatic announcements, heralding either bold revolutionary schemes or a quick return to constitutional government, are not in prospect.

The most significant development in the government's three-year history, and the one thing upon which the regime has been pinning its greatest hopes, was the resumption on 29 June of treaty talks with the US. Torrijos, apparently pleased with the progress to date and optimistic about the possibility of an agreement, will assure the people that Panamanian

Note: This memorandum was prepared by the Office of Current Intelligence and coordinated within CIA.

SECRET

25X1

SECRET

25X1

interests are being defended but will avoid detailed substantive comments. Indeed, the regime's greatest concern at this point is the possibility of anti-US demonstrations. The government is taking such steps as it can to avoid incidents, but demonstrations remain a very real possibility.

-2-

25X1

SECRET

SECRET

25X1

1. Each October, on the anniversary of its seizure of power, the Provisional Junta Government has come before the people to make an accounting of its stewardship. The usual drill, of course, calls for speeches and a parade. There is much praise for the fine job the government has done in the preceding year and pledges of even greater efforts in the year ahead.

2. The premier performance of the anniversary pageant on 11 October 1969 opened to rave reviews in the government-controlled press, but the show was somewhat anticlimactic when compared to the advance publicity. General Torrijos in a short and poorly delivered speech attempted to be all things to all men. Posing as a nationalist, perhaps even a revolutionary, he announced the confiscation of 200,000 hectares of land belonging to the US-owned Boston-Panama Company. His portrayal of the great democrat came when he solemnly reiterated his promise to hold popular elections in 1970. The real show-stopper, however, was their announcement of the New Panama Movement, the political arm of the "revolution," which was to be organized on a sector basis and would include representatives of youth, labor, and professional groups.

3. The Junta Government was still in the process of consolidating its power, however, and the lack of follow-through was not surprising. There were no further confiscations of US property, there was no further talk of elections in 1970, and nothing more was heard about the New Panama Movement. Indeed, a coup attempt against Torrijos in December 1969 forced postponement of all projects not directly related to the government's political survival.

4. By the 1970 celebrations, Torrijos had secured his political flanks and was once again firmly in control. He had redoubled his efforts to win popular support and tirelessly toured the countryside attempting to convince the peasants that his government represented their interests

-3-

SECRET

25X1

SECRET

25X1

rather than those of the oligarchy. In an effort to attract organized support he had even concluded a modus operandi with the Communist Party. Although government policies were, in the main, rather moderate, Torrijos' rhetoric had an understandably disquieting effect on the country's economic elite. As October rolled around, speculation was rife that Torrijos would declare himself prime minister and would turn Panama into a socialist state. In fact, however, government concern over the state of the economy and government interest in the resumption of canal negotiations with the US militated against any bold social experiments. Torrijos contented himself with a short, noncontroversial address over national radio and television. He spoke of government success in promoting social and economic progress, but he stressed that attainment of such objectives did not require importing foreign doctrines.

5. Although the anniversary observances are geared to public relations, the very process of preparing them forces the government to make an inventory of its accomplishments and to take stock of its failures. The months preceding the anniversary have, therefore, tended to become a time of reflection and introspection for the government. The themes selected and the size and type of celebration planned reveal something of the government's political interests and concerns. Indeed, even public speculation about "dramatic shifts in policy" and "spectacular announcements" serves to expose the fears of the political outs and functions as a barometer of popular confidence.

6. In the beginning, at least, a government in power as a result of a military coup, particularly one that arrives on the scene bereft of a program and uncluttered by much in the way of ideological baggage, can be excused if its pronouncements are vague, if its policies are tentative and experimental, and if at times it confuses expediency with principle. After three years, however, such a government can be expected to have clarified its goals and objectives, to have ordered its priorities, and to have made some headway in implementing a program. Certainly a government that has consistently advertised itself as

SECRET

25X1

SECRET

25X1

"revolutionary" and that has heaped scorn on its predecessors should be able to point to some dramatic gains. Yet in July when the government first began to consider plans for the October 1971 anniversary celebration a sense of accomplishment was notably absent, and, indeed, one of Torrijos' major concerns was the apparent drift of government policy.

7. Torrijos' program of action, though it had never been very clearly articulated, consisted of six basic elements: consolidating power, popularizing the regime, institutionalizing and legitimizing the government, restoring a self-sustaining economic growth rate of 8 percent, promoting economic and social reform, and negotiating a new canal treaty with the US. Aside from the fact that treaty negotiations began on 29 June, the regime has little more to show for its efforts in October 1971 than it did in October 1970.

Domestic Developments

8. The broad outlines of this six-point program were perceptible by the time of the first anniversary. Indeed, the government had been concentrating heavily on the first two points, a concentration that continued through 1970. Torrijos had found it necessary to devote considerable time and attention to National Guard politics, and on at least two occasions he would have been toppled had he been less adroit. At the same time Torrijos was using the time-honored techniques of suppression and intimidation to keep political opponents outside the Guard from becoming a threat. With rather less fuss than might have been expected, the political power of the oligarchy, entrenched for over 70 years, had been effectively displaced.

9. Having deposed Arnolfo Arias, one of the few men in Panamanian politics with a mass following, Torrijos had some convincing to do in order to justify the coup. Over time, his assiduous efforts in Panama City and around the country to demonstrate his concern for the poor earned him grudging support. The poor began to feel that the Torrijos regime was less remote than previous governments and even that it was on

SECRET

25X1

~~SECRET~~

25X1

their side. Though on balance willing to credit the government and the National Guard with good intentions, the middle class tended to be a little more uncertain. Their attitude might be summed up by the oft-repeated observation that "while the government might be crooked, it was perhaps only half as crooked as past governments." Only the upper class looked at the Junta and found no redeeming qualities whatsoever.

10. After two and a half years of proselytizing, and at a time when Torrijos began to feel that he had made some headway, he found himself facing his first serious domestic crisis. On 9 June, a popular young Roman Catholic priest, Father Gallego, was abducted. The priest had been working among and organizing the peasants in Veraguas, Panama's poorest province. His activities had apparently not only antagonized the local power structure--which included some of Torrijos' relatives--but also had earned him the enmity of officials who were far less successfully attempting to win the support of the peasants. He has not reappeared, and although the government steadfastly denied any involvement, local reports indicated, and it became widely believed, that the National Guard was responsible for the abduction. The Church did not attack the government as forcefully as it might have, but it kept the issue alive. As a result, at a time when Torrijos was trying to reinforce his leftist, populist image, he found himself on the wrong side of an important popular issue.

11. Torrijos' attempt to popularize the regime not only received a setback as a result of the Gallego case, but also because of the limited progress made toward his other three domestic goals. Torrijos had long realized the necessity of building broad civilian support to supplant his dependence on the Guard. His trial balloon in 1969 regarding the formation of a national labor organization composed of all unions and his plan for the New Panama Movement were attempts to expand and institutionalize the government's base

~~SECRET~~

25X1

SECRET

25X1

of support. Torrijos' promise of an elected constituent assembly--a first step toward democratic constitutional government--was clear recognition of the need to legitimize his regime. Circumstances, however, caused him to back away. Both labor and business leaders were frightened by the spectre of a single national government union, Torrijos became concerned about his ability to control a political party, and security considerations forced postponement of election plans.

12. Torrijos began to question whether he had not approached the whole process backwards. If he wanted history to judge his coup as more than just a naked seizure of power and the Junta Government as more than a mere housekeeping operation, he must reshape the entire fabric of Panamanian society. The government could not simply declare the oligarchy-dominated party system obsolete; it had to push ahead with a positive social development program--fostering agrarian reform, community development, cooperatives, and a new labor code. Once the people saw that progress was possible, a new enthusiasm would develop; once they saw that the government could be trusted, political apathy would disappear. Only then could a new alliance of students, peasants, workers, and technocrats be forged, and only then could the government turn its amorphous popular appeal into an organized and dependable base of support.

13. Whatever the merits of this analysis when viewed from a theoretical or academic point of view, Torrijos was to discover significant practical difficulties. In the first place, the transformation of Panamanian society was, under the best of circumstances, a long-term proposition, and Torrijos' political needs, if not his political horizon, were geared to the short run. In any case, it was not the best of circumstances. Not only was governmental capacity lacking, not only was the administrative infrastructure--particularly at the local level--unequal to the task, but most important of all, Torrijos' social reform objectives conflicted with his economic and foreign policy objectives.

25X1

~~SECRET~~

25X1

14. The political uncertainty of the 1968-69 period had diminished the confidence of the private sector and reduced the growth of private investment. Eager to keep the economy booming and the unemployment rate down, the government responded by sharply increasing public sector spending. This government spending, and the concomitant reliance on short-term borrowing from commercial banks, gave rise to some liquidity difficulties and placed a heavy debt service burden on the regime. Anxious to stimulate business confidence and thus private domestic investment, and finding it necessary to negotiate additional loans and to renegotiate existing loans, Torrijos was forced to explain away and at times actually to moderate his nationalistic and "revolutionary" rhetoric. The government hastened to reassure domestic business interests that its pursuit of social and economic reform did not mean that it was against private enterprise. Many businessmen remained skeptical and Torrijos, attempting to convince both left and right of his good will, found himself moving fast and going nowhere.

15. By April 1971, Torrijos' dissatisfaction with this state of affairs led him to another examination of his policy approach. Facing the prospect of continuing financial difficulties and a tough battle with the US over a new treaty, Torrijos became convinced that it was time once again to lean to the left. If reform were impossible, then perhaps rhetoric would suffice; if a new Panama were not in prospect, then maybe reviving the New Panama Movement would be enough. Torrijos, therefore, undertook a major reorganization of government personnel, which immediately gave the regime a more leftist, more nationalistic, and more populist image. Two prominent leftists, Vasquez and Escobar, were brought back into the government as Minister of Government and Rector of the National University respectively, and other "progressives" were moved into important government jobs as the regime signaled a renewed intention to organize the students, to court labor, and to mobilize the campesinos.

25X1

SECRET

25X1

16. If Torrijos had hoped to impart greater dynamism to a sluggish bureaucracy and to rally a more positive and sympathetic response from the popular sectors, he was destined to great disappointment. Indeed, by July his domestic program was in total disarray, and his annoyance and impatience had reached its limit. He had been running scared as a result of the public outcry on the Gallego affair and, although the moment of greatest peril had passed, the incident was not closed in the eyes of the Church or the general populace.

17. It was at this stage that Torrijos instituted a thoroughgoing review of all government programs. In extensive meetings with the cabinet, with the planning office, and with local officials, Torrijos made clear his complete dissatisfaction with the accomplishments of the revolutionary government. He complained about the over-all lack of government coordination and, noting that his economic planners were unable to provide him with practical short-term development guidance, criticized their preoccupation with long-term programs. As a corrective, Torrijos ordered an intensification of the government's development efforts and the institution of what he termed a federal system--that is, the decentralization of administrative functions and the reallocation of decision-making from the national to the provincial or local level.

11 October 1971

18. It was at this point also that he began to make plans for the observance of the third anniversary of the Junta Government. With so little to crow about it is perhaps surprising that Torrijos should desire to turn the anniversary celebrations into a massive extravaganza or to mount an all-out effort to attract a large gathering. Yet it was precisely because of this perceived government weakness that Torrijos felt it necessary to demonstrate that he retained the support, the loyalty, and the affection of his people. By an offer of

SECRET

25X1

SECRET

25X1

free beer Torrijos could attract a good-sized crowd in Panama City, but in the wake of the Gallego case and the agitation by the Church his real interest was in attracting thousands of campesinos from all over the country. The junta government had always made a special pitch to the peasant; so had the Church and so had Father Gallego. Torrijos, was determined, therefore, to show that he and not the Church was in control of the rural masses.

19. Torrijos' interest in a massive demonstration--a sort of plebiscite by voice vote expressing the people's faith in the government--is meant for US as well as domestic consumption. Conscious of, even sensitive about, charges that his government is a personal dictatorship, Torrijos wanted to use the occasion to show that the revolutionary regime is a popular rather than an unrepresentative government. He also hopes to show Panamanian solidarity in support of the government's position on treaty negotiations.

20. The 11 October mobilization is to serve yet a third purpose. It will test the government's ability to mount and to control huge demonstrations. Having long toyed with the idea of permitting political action and having long been disposed to use public pressure as a means of exerting leverage on the US on the canal issue, Torrijos is interested in a practical exercise under more or less controlled conditions that would clarify the problems and potentialities of such a course of action. Certainly the efforts to date have already revealed some of the problems of local organization, the transportation bottleneck, and the huge expense involved. With a planned crowd of 100,000 gathering only blocks from the Canal Zone, Monday will provide an acid test of the Guard's capabilities in crowd control and a test of the political reliability of the various participating groups.

25X1

25X1

SECRET

SECRET

Approved For Release 2005/08/22 : CIA-RDP85T00875R001100100112-1

25X1

25X1

22. Unless serious violence erupts, the demonstration itself will serve Torrijos' political purposes. But, having gathered together a mammoth audience, Torrijos will have to come forth with a suitably impressive speech. As in the past, he will undoubtedly accentuate the positive and highlight the accomplishments of his government. It is also likely that he will resurrect many of the themes enunciated in 1969. He may make some reference to elections. He may announce plans for a constituent assembly, presumably as a first step toward the establishment of a democratic constitutional government but more immediately as a convenient vehicle for ratification of a canal treaty. He may again explore the possibility of an official political party. He

25X1

-11-

SECRET

Approved For Release 2005/08/22 : CIA-RDP85T00875R001100100112-1

SECRET

25X1

will probably discuss the need for changes in the government structure to promote local development efforts, and he may clarify his views on "federalism." The canal treaty is most important to Torrijos, and he will find it hard to resist the usual nationalistic rhetoric on the treaty issue--assuring the populace that the government will protect legitimate Panamanian interests. However, he will avoid substantive comments on the actual negotiations or stirring up anti-US sentiment on this occasion.

23. In recent months Torrijos has leaned in the direction of permitting increased political activity. His experiences have not been uniformly good, however, and any firm plans will await an assessment of the events of 11 October. If all goes well, the government will permit an acceleration of political organizational activity; an unpleasant experience would severely retard any such plans.

24. Halting steps have already been taken by the government to develop its student, labor, and campesino constituencies. The government's agrarian reform program is winning friends, but a national organization of campesinos is still far in the distance. The government has persuaded the major labor unions to participate in a National Labor Council, a loose labor coordinating body, but the idea of a single government-controlled labor organization has not yet been revived.

25. Significant efforts have been devoted to the students. Student organizations at the university and secondary levels, which were put out of business at the time of the 1968 coup, have recently been permitted to function, and the government is sponsoring a national youth movement. Torrijos' objective, of course, is to break the students out of their traditional antigovernment mold and turn them into a reliable supporting element of the revolution. In this goal, the government has the complete support of the Communist Party. Thus far, however, government successes have been limited. A large segment of the student population remains

-12-

25X1

SECRET

SECRET

25X1

politically apathetic, and many student activists are more interested in narrow university matters than in the broad national issues raised by Torrijos. The depth of feeling on the treaty issue would make it possible for Torrijos to mobilize considerable student support on this matter, but his ability to keep this support under tight government control is open to question.

The Canal Talks

26. Whether circumstances allow the government to proceed with all deliberate speed or force it to drag its feet on its domestic program, over the next six months the only critical issue will be the canal negotiations. Over the short run there are no possible domestic successes that would offset or even cushion the failure to achieve a new treaty. On the other hand the successful conclusion of negotiations would bring in its wake incomparable political and economic payoffs for the government. This is not to say that Torrijos will forgo a tough bargaining stance or that he will accept any and all treaty provisions. In a sense it would be more accurate to suggest that the requirements of national dignity and self respect are more important than any of the economic benefits.

27. For the first time since the negotiations began, the Panamanians have evinced optimism and they are apparently persuaded that an acceptable treaty is attainable. However, all problems have not been resolved. Agreement in many areas has been confined to broad principles, and the all-important job of inking in the details remains. Torrijos indeed may believe that refusal to compromise in the coming weeks will gain additional concessions for Panama because the US wants to deal with the problem before it can become an issue in the 1972 campaign. He understands, however, that failure to reach agreement this year will delay the treaty at least until 1973. By November, therefore, he will have to decide whether the pot is already sweet enough or whether delay or confrontation would yield more.

-13-

25X1

SECRET